

PROPERTY OWNER TAX CANCELLATION REQUESTS

Issue

A fire has destroyed two homes in Sheep River Cove and both property owners have requested property tax cancellations.

Motion Proposed by Administration

That the cancellation of the property taxes for the municipal portion of improvements for 171 and 173 Sheep River Cove from March 2022 to December 2022 be waived upon the issuance of the 2022 tax bill payable on June 30, 2022.

or

That no cancellation of property taxes be granted and provisions of the *Municipal Government Act* (349) guide the Town in its actions on this file.

Report, Analysis and Financial Implications

The legal opinion has been received indicating that the issuance of the 2022 Property Tax invoice would be required in order to start the process of providing a letter to the parties referencing the *Municipal Government Act (MGA)* clauses and looking to resolve without Council involvement. This can occur on June 30, 2022.

Background From Previous Report:

The homeowners at 171 and 173 Sheep River Cove have written Council requesting their property taxes be cancelled under Property Tax Cancellation Policy GP-F-2.2. Both residences were lost due to fire on March 15, 2022. Written requests from both homeowners are attached.

The *MGA* indicates:

Fire insurance proceeds

- 349(1) Taxes that have been imposed in respect of improvements are a first charge on any money payable under a fire insurance policy for loss or damage to those improvements.
- (2) Taxes that have been imposed in respect of a business are a first charge on any money payable under a fire insurance policy for loss or damage to any personal property
 - (a) that is located on the premises occupied for the purposes of the business, and
 - (b) that is used in connection with the business and belongs to the taxpayer

The homeowners have requested urgent consideration of this matter. By policy, Council can waive the taxes however, it is recommended that this decision be deferred for two (2) weeks until the legal opinion is received and reviewed. The Town of Okotoks has requested a legal opinion on this issue to determine the process for the Town to ensure the Town is first charge on insurance proceeds. That legal opinion was not available at the time of writing this report. All previous fires that

resulted in losses within the Town of Okotoks, have followed this clause of the *MGA* and no tax write-offs were required.

For reference, the 2021 municipal portion of property taxes on the improvements for the properties are:

Property	Municipal Portion of Taxes (not including Requisitions)	Municipal Portion of Taxes on Improvements Only
171 Sheep River Cove	\$2,864.29	\$2,050.83
173 Sheep River Cove	\$2,455.10	\$1,625.28

The 2022 rates will not be established until the tax rate bylaw comes forward to the May 9, 2022 Council meeting.

Strategic Plan Goals

<input type="checkbox"/>	Manage Community Growth	<input checked="" type="checkbox"/>	Provide Strong Governance
<input type="checkbox"/>	Provide Quality Community Infrastructure	<input type="checkbox"/>	Healthy and Safe Community
<input type="checkbox"/>	Enhance Organizational Excellence	<input checked="" type="checkbox"/>	Foster Economic Vitality
		<input type="checkbox"/>	Promote Environmental Excellence

Governing Policies/Bylaws/Legislation or Agreements

Municipal Government Act

Public Participation Strategy

n/a

Alternatives for Consideration

n/a

CAO Comments

Council establishes policy to guide decisions. Council has given themselves the discretion to waive property taxes in this circumstance. Council will need to weigh the policy impacts of doing this (why this circumstance and not others) and the long-term financial risks. At conflict is the policy that allows for it to be considered and *MGA* section 349 which indicates that this loss was considered by provincial authorities and a tool was provided under the *Act* to ensure write-offs would not be required. Council could choose to waive the municipal portion based upon the conditions of total home write-off and that the home is uninhabitable and add that to policy GP-F-2.2 to guide future requests.

Attachment(s)

1. Letter from 171 Sheep River Cove Homeowner
2. Letter from 173 Sheep River Cove Homeowner
3. Property Tax Cancellation Policy GP-F-2.2

Prepared by:
Ralph Ettenauer
Chief Financial Officer
April 21, 2022